



Kentucky

Telephone Company

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Overview:

Who is Kentucky Telephone?

- Veteran-owned, small family business
- Founder born and raised in Grayson County
- Rural competitive local exchange carrier in and around Leitchfield, Kentucky
- Holds Certificate of Authority from the Kentucky Public Service Commission
- Grayson County
 - population: 6,357
 - per capita income: \$18,280
 - household income: \$30,984



Overview:

What services does Kentucky Telephone provide?

- Serves business and residential customers
- Local and long distance telephone
- High-speed data and broadband Internet access
- Digital cable television service (Leitchfield and Clarkson City)
- Local exchange service to conference calling companies
- Coming soon: HDTV, Replay TV, Start Over TV



Customers

- Serve over 1,500 business and residential customers
- Customers include:
 - Banks, Hotels, Restaurants, and Retail Stores
 - County Board of Education (GIG-E Interconnection to each school in Grayson County),
 - County High School, Middle School, and Elementary School Distance Learning Programs,
 - Office of Emergency Management and 911 Dispatch
 - City Hall
 - Sheriffs Office and City Police Department
 - Public Library
 - Judicial Building



Broadband Network

- Dial-up access now serving: Leitchfield, Clarkson, Caneyville, Columbia, Bradsfordville, Lebanon, Greensburg, Burkesville, Tompkinsville, Loretto, Campbellsville, Hodgenville, Glasgow, Elizabethtown, Scottsville and Cecilia
- DSL:
 - 1.544 MB
 - 3 MB
 - 6 MB
 - Coming Soon 15MB, 30MB, 50MB

High Volume Access Services

- The Commission already considered in the CLEC Access Charge Reform order whether conference calling and similar services can be served by rural CLECs
- No basis to now conclude that these are not proper “end users” for purposes of access charges or to implement a complete ban on revenue sharing
- Though a rural CLEC, Kentucky Telephone has voluntarily adopted a tariff that includes lower rates for traffic terminating to high volume access services (\$0.015/MOU)

IXC Self Help

- Sprint, Qwest, and Level 3 are engaging in self help and refusing to pay Kentucky Telephone (often even on undisputed traffic)
- This non-payment jeopardizes Kentucky Telephone's ability to offer competitive services to its customers and hinders its ability to expand its broadband offerings
- IXC customers originate and Kentucky Telephone terminates each of the calls at issue
- The IXCs self help as a means of applying economic pressure to small competitive carriers like Kentucky Telephone
- The FCC needs to stand behind its prior precedent against self help and offer no safe haven to those that like Qwest and Sprint continuously violate the Commission's rules

IXC Self Help

- Kentucky Telephone has been fighting illegal self help practices since 2009
- Outstanding balances for disputed and undisputed traffic:
 - Qwest: \$ 778,250
 - Level 3: \$ 882,685
 - Sprint: \$ 1,068,444
- Traffic volumes for Qwest, Sprint and Level 3 appear to be rising as they accept traffic from other carriers.
- Kentucky Telephone is also being forced to expend considerable amounts of money on litigation matters.

Conclusion

- Further regulation of Kentucky Telephone's relationship with its high volume end users is unnecessary and revenue sharing is not unjust or unreasonable
- Kentucky Telephone has taken steps to ensure that its business is conducted with the Commission's latest guidance in *Farmers & Merchants* and adopted a reduced rate for high volume services
- It needs to be clear that pay-and-dispute is the law – IXC's are collecting from their customers for the very calls that they dispute as illegitimate



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